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COMMUNITY HOSPICES

Leaders in End of Life Care Since 1888

Maryland Health Care Commission Taskforce on Certificate of Need

RE: Position Statement for Community Hospice of Maryland

Community Hospice of Maryland wishes to thank the Maryland Health Care Commission - Taskforce on Certificate of Need for giving us the opportunity to submit written comments regarding proposed changes to the Certificate of Need regulations.

Community Hospice of Maryland supports the position of the Maryland Hospice Network that changes to the existing C.O.N. regulations would negatively impact the quality of hospice care in Maryland for the following reasons:

- **Reduced Spending on Clinical Services.** Allowing large, out-of-state for-profit providers to come into the Maryland market would require more resources be spent on marketing budgets to compete against these providers. The more money that is spent on marketing, the less money there is to spend on clinical services.
- **Economic Impact.** Profits generated by out-of-state providers would be taken out of the state economy as these profits return to the out-of-state corporation.
- **Impact on Local Providers.** Out-of-state hospice providers have a competitive advantage over local providers, as they are able to achieve large economies of scale based on their national census volume. Opening the Maryland market up to these providers increases their economies of scale while reducing the small economies of scale achieved by local providers under C.O.N. regulations.
- **Staffing Shortages.** As Maryland faces a nursing crisis, increasing the number of hospice providers means increased competition for these scarce human resources. As more organizations compete for nurses, local wage scales will be skewed as organizations get into bidding wars for staff.
- **Payer Balance Shift.** If large Skilled Nursing Facilities (SNF) or Continuing Care Retirement Communities (CCRC) are allowed to provide their own hospice services, the payer balance for hospice care will shift as these organizations provide care to their well insured residents, leaving under-funded and indigent coverage to other hospice providers. Non-profit organizations rely on a balance of payer sources to offset losses from providing care to the under- or un-insured populations.
- **Community Benefit.** Non-profit hospice programs serve the needs of the communities they serve, regardless of a patient's ability to pay. Again, we would make the argument that SNFs and CCRCs serving their own residents would not be providing any additional community benefit, since their patient populations are well funded through Medicare, Medicaid and private insurance programs. These providers would not equally share in the expense of uninsured or indigent care.
- **Competition for Philanthropic Support.** Non-profit health care providers rely on the support of donors to help cover the costs of expensive treatments and services above the Medicare, Medicaid and commercial insurance reimbursements to ensure that the patients receive the best in palliative care.

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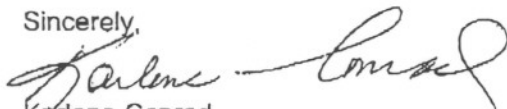
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Increasing the number of providers through changes to the C.O.N. regulations will mean increased competition for community donations that are needed to fund these extra clinical interventions and services.

As stated in *An Analysis and Evaluation of Certificate of Need Regulation in Maryland Working Paper: Hospice Services; Summary and Analysis of Public Comments and Staff Recommendations, Maryland Health Care Commission, November 21, 2001* "... (T)he supply of existing hospice care providers is meeting the end-of-life needs of the citizens of Maryland..." The existing C.O.N. regulations allow for competition in the market place and MHCC has the authority to approve new hospice providers when demand exceeds the supply of hospice services. Since existing providers are able to meet current demand, the addition of new providers would only negatively impact the existing marketplace.

For these reasons, Community Hospice of Maryland's position is that the MHCC Taskforce on Certificate of Need makes no changes to the existing C.O.N. regulations.

Sincerely,



Karlene Conrad
Executive Director